

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

220.1 Introduction.

The Government Performance and Results Act (GPRA or the Results Act) requires that OMB have agencies prepare annual performance plans (the annual plan). The first annual plans covered FY 1999. (See sections 200.1-200.3 for an overview of GPRA requirements, related definitions, and applicability of these requirements to agencies.)

The annual plan sets out measurable goals that define what will be accomplished during a fiscal year. The goals should represent a level of accomplishment commensurate with the resources requested and subsequently funded. By identifying how much an agency will spend to achieve its performance goals, the annual plan forms the integral link between budget and program results.

For a fiscal year, at least two iterations of an agency's annual plan are prepared:

- An initial plan, consistent with the agency's budget request to OMB; and
- A final plan that reflects budget, policy, and programmatic decisions on the budget request, and is consistent with the President's budget.

An agency may also prepare a third iteration, which is called a revised final plan. A revised final plan reflects Congressional action on the agency's budget request. (The revised final plan is often referred to as an operating plan.) Preparation of a revised final plan is voluntary.

Initial plans are submitted only to OMB, and are used during OMB's review of the agency budget request. Final plans are sent to Congress soon after transmittal of the President's budget, and made available to the public. There is no mandated submission of a revised final plan to Congress or OMB.

The FY 2002 performance plan includes performance information for fiscal years 1999, 2000, 2001, and 2002. Eventually, the annual plan will contain a six-year set of performance goals, covering four prior years, the current year, and the budget year. This multi-year display will present baseline and trend information in a single document. The requirement to include FY 2000 actual performance information does not mean that other statutory elements of the annual program performance report (the annual report) are included in the annual plan, unless the annual plan and annual report are combined. (See section 230 on the preparation of the annual report.)

An agency may choose to combine its annual plan with its annual report (see section 233.1). The final plan iteration is used for this purpose. Agencies should note that combining the annual plan and the annual report may affect who in the agency transmits this combined document, its distribution, and the transmittal date (see section 231).

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

Section 220 applies to annual plans generally, with occasional specific references to individual years. Section 221 provides instructions for performance plans for a particular year. With the FY 2002 Budget being transmitted by a new President, the schedule for submitting the initial and final iterations of the FY 2002 performance is being adjusted. (See section 221 on the FY 2002 performance plan. Also see section 232.7 and subsection 233.1(b) on how the FY 2002 budget schedule could impede combining the FY 2002 performance plan and the FY 2000 program performance report.)

220.2 Timing of plan submissions and submitting official.

Summary of requirements: Initial annual performance plans are due to OMB with the agency budget request. Final annual performance plans are sent to Congress following transmittal of the President's budget.

(a) The initial plan.

The agency head (or his or her designee) sends the initial annual plan to OMB at the same time as the agency's initial budget submission. (See section 27.1 of Part 1 of this Circular for information on the timing of budget submissions. See section 221 regarding submission of the initial FY 2002 performance plan.)

(b) The final plan.

There is no set date for sending the final annual plan to Congress. Submission will follow, not precede, transmittal to Congress of the President's Budget. Sending the plan to Congress simultaneously with the agency Congressional justification (justification of estimates) is appropriate and useful. Timely submission will aid various Congressional committees in reviewing the plans and in deciding budget, authorization, and appropriation levels for the fiscal year. Agencies should note Congressional timelines in this regard.

A copy of the final annual plan should be provided to the chairmen and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriations subcommittees, and the chairman and ranking minority member of the Senate Committee on Governmental Affairs and the House Government Reform Committee. Copies may also be distributed to other members of Congress or committees.

The transmitting official for the final annual plan is either the agency head or the official who sends the agency Congressional justification to Congress.

(c) The revised final plan.

There is no required distribution of a revised final plan. Agencies should coordinate any distribution of this plan iteration with the appropriate Congressional committees, including the timing of any distribution.

If a revised final plan is prepared, it should be finished as soon as practicable following completion of Congressional action on the agency's budget request. Generally, revised final plans should be completed within 30 days of the start of the fiscal year covered by the annual plan. If Congressional action has not concluded by November 1, a revised final plan should be based on the agency's best judgment of its fiscal year funding level. Prolonging completion of a revised final plan until the fiscal year is well underway limits its usefulness as a management document. (See section 220.18 on having a copy of the revised final plan available for reference if it is not sent to Congress or OMB.)

220.3 General rules governing development of annual performance plans.

In developing annual plans, agencies should be guided by the following general rules and principles:

- A single plan covering an entire agency should be prepared, rather than a number of plans covering different agency component or program areas;
- A current strategic plan should be in effect for the fiscal year covered by the annual plan;
- The specific linkage with the strategic plan should be reflected in the annual plan (e.g., performance goals and indicators in an annual plan should be based on the general goals and objectives in the agency's strategic plan);
- Budget resources should align with performance goals;
- While the basic elements of the plan are prescribed by these instructions, agencies have flexibility in determining the scope, level of detail, and format of the plan within this framework;
- Agencies should include performance information covering several fiscal years; and
- The initial plan is considered privileged material and can not be released outside the Executive branch.

More detailed guidance on these aspects of annual plans is provided in sections 220.4-220.7, 220.17, and 221.2. (See Exhibit 220 for the GPRA language on annual performance plans.)

220.4 Single annual performance plan.

Summary of requirement: The annual performance plan is a single plan covering the entire agency.

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

The annual plan should present a comprehensive picture of performance across the agency. A single plan, covering the agency as a whole, allows an agency's performance goals to be reviewed in their totality.

Within the single plan, an agency has flexibility in organizing the plan's content. For example, a plan could be organized into parts, which conform to the structure of its budget request (e.g., by major functions, organizations, or program), or match with the different jurisdictional responsibilities of various Congressional committees. A single plan is formed by joining the various parts together.

220.5 Relationship to strategic plans.

Summary of requirement: An annual performance plan must be covered by a current strategic plan.

(a) Required coverage.

GPRA requires that a current strategic plan (meeting GPRA requirements) be in effect for the fiscal year covered by an annual plan. (See section 210.4 on current strategic plans.)

(b) In general.

A close correspondence should exist between the strategic plan and the annual plan. This correspondence allows the more general and long-term focus of the strategic plan to be linked with the more detailed and year-specific content of the annual plan. Several elements of the strategic plan parallel those in the annual plan and underscore this linkage.

(c) General goals and objectives.

The strategic plan sets forth the general goals and objectives of the agency, and describes the relationship between these goals and objectives and the performance goals and indicators in the annual plan. Often, the performance goals and indicators will define the progress being made during a fiscal year toward achieving the general goals and objectives in a strategic plan. This progress is incremental if a general goal or objective is not fully achieved until a future year. (See subsections 220.7(b) and (c) on including mission and general goal information from the strategic plan in the annual plan.)

(d) Means and strategies.

The strategic plan describes the means and strategies being used in achieving the general goals and objectives. A similar element in the annual plan describes in greater detail the specific processes, technologies, and types of resources that are needed to achieve the performance goals. The annual plan description should also cover other means, such as regulation and tax expenditures, when an agency will rely on these to achieve specific performance goals.

(e) External factors.

The identification of key external factors (see section 210.10) is not a specified element in an annual plan. Agencies may choose to include information on external factors in their annual plan when these bear directly on goal achievement for the fiscal year covered by the plan. This information should be consistent with the identification of external factors in the strategic plan.

(f) Program evaluations and other analyses.

The process for making interim adjustments to a strategic plan should be used to change the number and schedule for program evaluations during the fiscal year covered by the annual plan. (See subsection 210.2(c) on interim adjustments, and section 210.11 on program evaluations.) Interim adjustments are publicly identified by being appended to an annual plan (see subsection 220.6(d)). An agency may include information on program evaluations in the annual plan itself; other analyses and studies related to performance goals can be referenced in the annual plan (see subsection 220.6(e)).

220.6 Elements of the annual performance plan.

(a) Required elements.

As defined by GPRA, an annual plan features three elements:

- The performance goals and indicators for the fiscal year;
- A description of the operational processes, skills, and technology, and the human, capital, information, or other resources that will be needed to meet the performance goals; and
- A description of the means that will be used to verify and validate measured values.

The performance goals and indicators are the primary element of the annual plan. The two other elements provide information related to achievement of the performance goals. More detailed guidance on these elements is provided in sections 220.9, 220.11, and 220.12.

(b) Other elements.

An annual plan includes several other elements, as appropriate. These are:

- A description of any minor adjustments to the agency's strategic plan;
- Information on performance-related studies and analyses; and
- Requests for waivers of administrative requirements to provide managerial flexibility.

(c) Use of non-Federal parties.

GPRA states that the preparation of an annual plan is an inherently governmental function, and the plan is to be drafted only by Federal employees. When preparing a plan, agencies may be assisted by non-Federal parties (e.g., consultants, contractors, or States) whose role may include collecting information; conducting studies, analyses, or evaluations; or providing opinions or ideas. Such assistance should supplement, not supplant, the agency's in-house plan preparation effort. (The Report of the Senate Committee on Governmental Affairs provides additional examples of the use of non-Federal parties in the preparation of GPRA plans and reports; pages 25 and 26, Report 103-58, June 16, 1993.)

(d) Identifying interim adjustments to a strategic plan.

An annual plan may be used to identify and describe interim adjustments being made to a strategic plan. The initial annual plan sent to OMB should include these minor adjustments. The final annual plan is used to transmit these adjustments to the Congress. If a revised final plan is prepared and distributed to Congress, it may also be used to transmit these adjustments. (See subsection 210.2(c) on making minor adjustments to a strategic plan.)

(e) Program evaluations and other analyses.

Although agencies may replicate relevant strategic plan information on program evaluations in their annual plan, this is not a specified element of the annual plan. Either a strategic plan or an interim adjustment to the strategic plan is used to provide information on program evaluations (see section 210.11). This information typically includes the schedules for, and summarize the types of, program evaluations to be done during the year.

For informational purposes in an annual plan, agencies may reference other analyses or studies that will be undertaken during the fiscal year, and which directly relate to performance goals and indicators in the plan. These studies and analyses can include policy, program, or management analyses, compliance reviews, cost-benefit studies, research to provide baseline data, or demonstration research. This reference is not a specified element in the annual plan. This reference provides early information on the analyses and studies that the agency intends to cover in its annual report (see subsection 232.2(d)).

(f) Waivers of administrative requirements.

Waivers of administrative requirements are intended to provide managers with more flexibility in managing, in the expectation this added discretion and authority will lead to improvements in program or organizational performance. These administrative requirements are established by a central management agency such as the General Services Administration, OMB, or the Office of Personnel Management, and generally apply to Executive branch agencies. Instructions on requesting these waivers, are yet to be issued.

220.7 Format and additional content.

Summary of requirements: The annual performance plan will include performance goals covering a several-year period. General goals and objectives from the strategic plan should be aligned with their performance goal counterparts in the annual plan.

No specific format is prescribed for an annual plan. Some format-related features of the plan may be specified by Congressional committees, particularly if the plan and Congressional justification are integrated. Agencies should ensure that information is presented clearly and concisely. Plans should be informative, useful, and avoid minutiae. The format should allow the public to easily and quickly access the annual plan using the WorldWideWeb.

The FY 2002 performance plan should include the following content, which may affect how information is presented in the plan.

- Performance goals for fiscal years 2001 and 2002, and actual performance information for fiscal years 1999 and 2000. The FY 2002 performance plan should include target values for fiscal year 2001 for any performance goal included in both plans. Agencies should include information on actual performance for any fiscal year 1999 and 2000 performance goals that are also included in the FY 2002 annual plan. (See also section 221.2)
- The agency mission statement. To provide a ready reference for the reader, an agency should include the mission statement (or a summary) from its current strategic plan
- The general goals and objectives. To show the linkage between the general goals and objectives in the strategic plan and the annual performance goals, the general goals (or a summary) should be displayed and aligned with the associated annual goals. Agencies are preparing an updated and revised strategic plan by September, 2000. The FY 2002 performance plan should incorporate the general goals and objectives from this updated strategic plan, and not excerpt those in the initial strategic plan submitted in 1997 (Also see subsection 220.18(d) on how a revised final plan for FY 2001 may include general goals and objectives from an updated strategic plan completed after the final FY 2001 plan was sent to Congress.)
- Goals for cross-cutting programs. To assist in plan review, agencies should indicate those goals and indicators being undertaken in support of programs or activities of an interagency, cross-cutting nature. (See subsection 220.9(f) on cross-cutting programs.)

220.8 Relationship with the budget.

Summary of requirement: Each program activity in an agency's Program and Financing Schedules in the Budget Appendix must be covered by a performance goal or indicator in the annual performance plan. (A performance goal or indicator may cover more than one program activity, and program activity may have more than one performance goal.)

(a) In general.

The annual plan should directly link to the agency's budget. The performance goals, particularly the performance target levels, are set based on the funding expected to be available to achieve the goals. Funding levels reflected in the initial annual plan must be consistent with the agency's budget request to OMB. In a final plan, these funding totals are modified, as necessary, to conform with the President's Budget. The changes in funding levels may dictate corresponding changes to performance goals and indicators in the final plan. In a revised final plan, the performance goals are modified, as necessary, to reflect Congressional action on the agency's budget request.

The linkage between the annual plan and the budget is based on the program activities in the program and financing (P&F) schedules in the President's Budget. Most agencies have more than one P&F schedule, and many of these schedules list specific program activities financed by that budget account. The program activity structure is the foundation for defining and presenting performance goals and indicators.

(b) Link between program activities in the Budget and in the annual plan.

An agency has discretion on how program activities are arrayed in the annual plan, provided that:

- Each program activity in its P&F schedule(s) in the Budget for that fiscal year is covered; and
- Every major program, function, or operation of the agency is reflected in the plan.

If the program activities in the annual plan are identical to those in the P&F schedules, the array will be based on these P&F program activities. However, an agency may choose to substitute a GPRA program activities structure if this would enhance the plan's informative value through a cohesive and thematic display of the performance goals. A GPRA program activity structure is developed by consolidating, aggregating, or disaggregating the program activities included in the P&F schedules.

Specifically, an agency may:

- Aggregate program activities within a single P&F schedule by applying the same performance goals and indicators to several or all of the program activities;
- Consolidate program activities by applying a single set of performance goals and indicators to program activities in two or more P&F schedules; or

- Disaggregate individual program activities in a P&F schedule into component parts and apply performance goals and indicators to these parts.

It is through aggregation or consolidation that an annual plan can cover every program activity in the P&F schedules, while allowing an agency to omit goals for its non-major program activities.

An agency may neither exclude nor minimize the significance of any major program, function, or operation of the agency when creating a set of GPRA program activities.

Any aggregation, disaggregation, or consolidation does not automatically produce a corresponding change in an agency's budget account structure, or to the projects and activities presented in a P&F schedule. Any such changes must be made separately in accordance with the provisions of section 25.3 of Part 1.

(c) Changes in the budget account structure.

Agencies are encouraged to consider changes to their budget account structure that would lead to more thematic or functional presentations of both budget and performance information, thereby enhancing the understanding of programs and measures of performance. (See sections 25.3, 71.2, and 71.3 of Part 1 on alignment of budget accounts and establishment of new accounts.) Current differences between the program activities structure in the Budget and the GPRA program activity array in the performance plan should eventually diminish, as agencies modify either their present set of budget program activities or accounts, or the GPRA program activity structure.

(d) Associating budgetary resources with goals in the annual plan.

OMB intends that the annual plan be integral with the agency's budget request. In moving toward such integration, the annual plan should display, generally by GPRA program activity, the amount of funding being applied to achieve the performance goals and indicators for that activity. Funding need not be displayed for individual performance goals and indicators grouped under a GPRA program activity.

This display should be more straightforward if the annual plan does not alter the program activity structure in the P&F schedules. However, if a GPRA program activity structure has been developed through consolidation, aggregation, or disaggregation of program activities in P&F schedules, identifying and aligning funding amounts with the GPRA structure may be more difficult.

A performance goal may be funded from several budget accounts. When determining funding for a performance goal, salary and expense accounts may present a particularly difficult linkage. Agencies should make a best effort to distribute costs to the relevant goals by attributing overhead and direct salary and expense monies, as well as other resources (e.g., funding grants, contracts, or other activities), to the appropriate GPRA program activities. A free-standing program activity for overhead costs may be established where attribution of costs is not yet feasible. Agencies should coordinate closely with their program division at OMB when developing these estimates.

In their FY 2002 performance plans, agencies should show significant further progress in aligning funding with GPRA program activities. Developing this linkage may take time, and building the linkage in phases should be considered. For example, an agency's annual plan may initially include budget information for each general goal or objective that appears in the plan. (A set of general goals and objectives is often used

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

to structure the annual plan, with annual performance goals grouped under each of the objectives. Performance goals that cannot be paired with a general goal or objective can be grouped separately.) Subsequent annual plans would provide greater detail, until a budget amount can be shown for each GPRA program activity.

In the initial FY 2002 performance plan, agencies having difficulty in linking budget resources with program performance should describe proposed steps for bringing about this integration. After coordinating with OMB, this description may be included in the final FY 2002 performance plan (see also subsection 221.2(e)).

Usually, the funding displayed will be stated in terms of obligations. (See generally section 82.3 in Part 1 for further information on reporting obligations in P&F schedules.) Each agency should consult with its OMB representative on the level of detail to be provided (e.g., whether funding levels should be provided for each program activity or groupings of activities). If an agency wishes to use other budget measures (e.g., budget authority or outlays), it should consult in advance with its OMB representative. For the initial plan, OMB may also request additional information separately, such as a crosswalk between performance goals and the specific budget account(s) funding those goals.

(e) Merging the final annual plan with the agency Congressional justification.

Merging the annual plan with the agency Congressional justification may aid in integrating budget resources and performance. The final plan may be a separate document from the agency budget justification or an integral part of the justification. Agencies should coordinate with the appropriate Congressional committees on the format for such a document; coordination with the appropriation subcommittees could be particularly important.

An agency merging the final plan with its Congressional justification should indicate which parts of the merged document constitute the annual performance plan. Merging the annual plan with the Congressional justification can produce a document of significant length. As an agency's Congressional justification typically includes additional and more detailed information than required for the annual plan, review of the plan as well as its public availability will be aided by such a demarcation.

If an agency is proposing changes to its budget account structure (see sections 25.3, 71.2, and 71.3 of Part 1 of this Circular, and subsection (c) above), agencies should anticipate the potential need for a transitional crosswalk showing performance information related to both the existing structure and the new structure.

220.9 General guidelines on developing performance goals and indicators.

Summary of requirement: An annual performance plan must include performance goals. Performance goals shall be defined either in an objective and quantifiable manner, or as sufficiently precise descriptive statements that allow an accurate, independent determination to be made of actual performance (for the latter, see section 220.15).

(a) Principles.

When choosing the performance goals and indicators to be included in an annual plan, agencies should be guided by the following principles. The goals and indicators should:

- Be expressed in an objective and quantifiable manner unless OMB approves otherwise (see sections 220.15-200.16);
- Inform the President, Congress, other interested parties, and the public of the expected level of achievement for the program or activity;
- Be mainly those used by managers as they direct and oversee how a program is carried out. (Measures that inadequately inform managers about program performance will not help managers respond when problems arise);
- Be centered on a program or activity's core purpose, and its key attributes and characteristics; and
- Cover the 12 month period of the Federal government's fiscal year (October 1-September 30). (In those cases where an agency operates on a different fiscal year, the annual plan should correspond to the agency's fiscal year.)

Performance goals and indicators usually have a numerical target level or other measurable value. This facilitates the future assessment of whether the goals and indicators were actually achieved. When defining goals, agencies should anticipate their future ability to measure and report actual performance against them. (The comparison between projected and actual performance is the primary feature of the annual program performance report that agencies are required to prepare under GPRA.)

Annual plans should strike a balance between too few and too many measures. Agencies should include enough measures to show, in a substantive way, how well the agency is doing in carrying out its programs. Plans should neither capture the complete array of measures likely to be used in managing programs, nor skimp on what is measured, resulting in a narrowly-drawn or fragmented picture of performance.

The set of performance goals included in an annual plan should be periodically modified as necessary to reflect changes in programs, agency capability to collect and report information, the importance and usefulness of any goal, and other circumstances.

(b) Types of program performance goals.

An annual plan generally contains both outcome and output goals.

In a strategic plan, general goals and objectives are commonly outcome-type goals. However, outcome goals may only be achieved at certain points during the timespan of a strategic plan. An annual plan should include outcome goals when their achievement is scheduled for the fiscal year covered by the plan.

When outcome goals are defined as achieving a broad standard, rate, or level, such as a national incidence rate, the plan should indicate the agency's role in goal achievement. This can be done either in the goal description or by identifying the means the agency will use to accomplish the goal. Without an association

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

being shown between such outcomes and what an agency is doing to achieve them, agency funding can be difficult to justify.

Most plans will supplement outcome goals with measures of output. Measures of output can be the predominant goals and indicators in an annual plan for several reasons:

- Outcome goals, other than those being accomplished at a continuing, sustained level, may not be scheduled for achievement in the fiscal year covered by the annual plan;
- An agency is likely to have more output goals than outcome goals; and
- As the frequency and nature of performance data for outputs allows for periodic assessment and intervention, managers often manage to outputs.

GPRA also allows an agency to define a performance goal in a way that is not self-measuring, i.e., one could not determine whether the goal was achieved by simply and objectively comparing actual performance to the performance goal as it was defined. If an annual plan includes a performance goal that is not self-measuring, the agency must include in its plan one or more performance indicators for that goal. The performance indicators shall set out specific, measurable values or characteristics related to the performance goal, and which will aid in determining goal achievement. An example of a goal that is not self-measuring would be ‘to improve maternal and child health on tribal reservations.’ Performance indicators for such a goal could include morbidity and mortality rates, median infant birth weights, percentage of children immunized, and frequency of pediatric checkups.

While there are no requirements to include a specific category or type of measures in every plan, agencies are strongly encouraged to include, as appropriate, measures of customer service and program efficiency. Agencies should strive to include goals or indicators for unit cost, even if only approximate costs can be estimated. In time, as operational cost accounting systems become prevalent, agencies will be expected to include selected unit cost measures.

For a program activity, agencies may have a single or several measures of performance. Agencies should carefully select measures to avoid depicting programs as one-dimensional, or masking program distinctiveness by using the same performance parameter(s) across all programs.

(c) Goals related to credit programs.

Agencies having performance goals specific to their credit programs should include a brief description of how changes in the subsidy cost for these programs may affect the target values for these goals.

(d) Goals for internal agency functions and operations.

In addition to performance goals and indicators related to programs or specific organizational units, annual plans may include agency-wide goals (including those for internal functions) and means-type goals.

Agency-wide goals and indicators typically involve the agency workforce or the workplace environment. Examples include workforce diversity, downsizing, streamlining, and family-friendly programs. Administrative or program support components, such as procurement and information management, may also

be included as agency-wide goals. Where procurement is significant to the accomplishment of the mission, the annual plan should include measures of procurement performance.

The annual plan should include a performance goal(s) covering the major human resources strategies, such as recruitment, retention, skill development and training, and appraisals linked to program performance, that help support the agency's programs. Any training goal(s) included in the plan should address the quality and availability of training opportunities. (For further information, see the Office of Personnel Management publication, "A Guide to Strategically Planning Training and Measuring Results".)

Means-type goals and indicators describe the means or strategies that an agency will use to achieve its performance goals and indicators. Means or strategies typically cover processes, technologies, or certain types of resources that will be applied to help achieve a program or operational goal. Policy, programmatic, managerial, regulatory, or legislative initiatives can also be a means-type goal. Replacement of an agency's major computer systems, and redistribution or devolution of agency workload, are examples of means-type goals.

When included, means-type goals should be few in number, key to program accomplishment, and not a substitute for goals and indicators covering core programs and activities. Agencies should note that a significant investment in systems, equipment, or facilities, may warrant categorizing the goal as a program goal. (See also subsection 220.11(d) on capital investments.) A means-type goal associated with a particular program or activity should be grouped with that program in the annual plan. For example, a recruitment goal to double the number of staff working on a particular project should be grouped with other goals for that project, and not presented with other agency-wide human resources goals.. An agency may include means and strategies for a means-type goal. For example, an agency may describe its reliance on having other agencies or entities provide sufficient training opportunities to help meet its staff training goal.

Agencies have discretion regarding placement of agency-wide and means-type goals and indicators within the annual plan. An annual plan should not include any goals for inputs (budget resources, number of FTEs, etc); agencies are required to provide information on inputs in that section of the annual plan describing required resources (see section 220.11). (Note that a human resources goal may include a numerical target for the number of FTEs covered by the goal.)

(e) Goals for management problems.

Performance goals for management problems should be included in the annual plan, particularly for problems whose resolution is mission-critical, or which could potentially impede achievement of program goals (see also subsection 220.11(e)). Often, such performance goals will be expressed as milestone events for specific remedial steps.

(f) Cross-cutting programs.

At a minimum, the annual plan should indicate those programs or activities that are being undertaken with other agencies to achieve a common purpose or objective; i.e., interagency and cross-cutting programs (see section 220.7). This identification need cover only programs and activities which represent a significant agency effort. An index displaying agencies and the relevant programs or activities may be a useful format.

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

An agency should also review the fiscal year 2001 performance plans of other agencies participating with it in a cross-cutting program or activity. This review should focus on assuring that related performance goals and indicators for a crosscutting program are consistent and harmonious. As appropriate, agencies should modify performance goals to bring about greater synergy and inter-agency support in achieving mutual goals. These reviews may also identify goals-in-common that agencies may each choose to include in their annual plan.

As the annual plan is based on the program activity listings in the Appendix volume of the Budget, these listings -- which typically cover but do not individually identify numerous sub-programs, projects, and sub-activities -- may not be sufficiently detailed to identify every cross-cutting program or activity in an agency.

For some agencies, identifying all their cross-cutting programs and activities could substantially expand the size of the annual plan, and introduce a very finite and disproportionate level of detail for these programs (see section 220.13).

220.10 Reflecting performance occurring in future years or funded by prior year monies.

Summary of requirement: The annual performance plan should cover all performance related to the resources available or expended during the fiscal year. This includes fiscal year performance funded by prior year monies, and future year performance that would be funded by the agency's budget request for the fiscal year.

(a) Coverage.

Performance goals and indicators in an annual plan should present a complete picture of the performance related to the resources available for the fiscal year covered by the annual plan. Goals and indicators should cover all resources available for implementing the annual plan, specifically:

- Performance occurring in the fiscal year that is funded by spending prior year monies (i.e., spending from balances of budgetary resources provided in previous years);
- Performance occurring in the fiscal year that is funded by new resources becoming available in that year; and
- Performance occurring in a future fiscal year that is to be funded by new resources requested in the fiscal year covered by the annual plan.

An agency should also include performance goals and indicators in its plan even though actual performance against these goals is not fully and contemporaneously measured during the fiscal year covered by the annual plan.

Agencies should not confuse performance occurring in a future fiscal year with situations in which measured performance data will not be available at the time the program performance report is prepared. There often can be a significant lag in obtaining actual performance data for a particular period. The lag could be several

years or more. GPRA makes allowance for this situation by requiring that the annual program performance report include results only when data becomes available (see also section 232.4).

(b) Performance goals that reflect prior year funding.

The annual plan should present the full level of performance for goals and indicators. In some instances, this performance level will reflect the spending of prior year monies during the fiscal year covered by the plan. The plan should specifically denote which goals or indicators are funded by a significant amount of prior year monies. A performance level need not be stratified to show how much performance is funded by any particular year. (Information on total funding by fiscal year associated with performance goals may be requested separately by OMB.)

(c) Goals for performance occurring in a future fiscal year.

When program performance in a fiscal year is funded by prior year monies, this circumstance often parallels a fiscal year budget which contains requests for funds that will not be spent until a future fiscal year(s). This is common practice in some grant programs and major procurements, and is a statement of long-range investment priorities.

Goals and indicators covering future-year performance should be included in the annual plan. The plan should include a description of the projected level of performance to be achieved; a brief summary is sufficient. The plan should also identify the fiscal year(s) when performance will occur.

The prospective effect on projected performance goals and indicators for future years, from agency rulemaking or a tax expenditure initiative being undertaken in the fiscal year covered by the annual plan, should also be described.

Agencies may revise these projected levels of performance in a subsequent annual plan (i.e., the plan for the fiscal year in which the performance will actually occur). (See subsection (b) above on establishing goals reflecting prior year funding.) When one or more years intervene before the fiscal year of actual performance, goals and indicators covering the interim period are not required.

220.11 Description of means and strategies, and identifying required resources, processes, and technologies.

Summary of requirements: The annual performance plan must describe how an agency expects to achieve its goals, and identify the various resources, skills, technologies, and processes that will be needed.

(a) In general.

The annual plan includes a description of the resources, processes, and technologies required to achieve the performance goals and indicators. These are the means (in many instances, inputs) the agency will employ, and can span operational processes, skills and technology, and human, capital, information, funding or other

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

resources. The descriptions of these needs should be brief, focusing on the resources, processes, and technologies reflected in the budget request, with more detailed elaboration provided when a significant change (increase or decrease) from the previous year's levels or operating modes is proposed. This description is separate from, and in addition to, any description of means-type performance goals or indicators that an agency may establish (see subsection 220.9(d)).

The particular strategies an agency intends to apply in achieving its performance goals should be highlighted. These strategies include program, policy, managerial, regulatory, and legislative initiatives and approaches.

Agencies should note the increasing emphasis on the use of workforce planning and other specific strategies that align human resources with the fulfillment of an agency's mission and objectives, and the need to secure a diverse Federal workforce that is skilled, flexible, and performance-oriented with a customer focus.

An agency should consider using its Congressional justification to provide information on sub-programs and activities not included in the annual plan. (An agency's Congressional justification often presents program and project information at a more detailed level than appears in the program activity listings in the Appendix volume of the Budget.) The level of detail in the Congressional justification may also allow an agency to present information on the complementing, supportive, or synergistic nature of related programs or activities, either within the agency or between agencies. (See subsection 220.8(e) on merging the annual plan with the Congressional justification.)

The description need not be confined to initiatives or changes that are newly funded in the fiscal year. Initiatives or investments started in prior years, but which become operational or will be completed during the fiscal year, can be included. Some changes can carryover and affect performance in future years as well.

(b) Regulation and tax expenditures.

Descriptions should be provided for specific regulations and for use of tax expenditures when achievement of program or policy goals is dependant upon these governmental actions. For economically significant rules -- as defined in Section 3(f)(1) of Executive Order 12866, "Regulatory Planning and Review" (September 30, 1993) -- that the agency intends to propose or promulgate during the fiscal year, the annual plan should include a quantified estimate of the regulation's cost to Federal, State, local, and tribal governments, and the private sector, and an estimate of the regulation's anticipated benefits.

Estimates should be developed consistent with the timing and other criteria in E.O. 12866 and related guidance. Estimates may not be available when the initial version of a performance plan is prepared. If quantified estimates do not yet exist or cannot be developed, the costs and benefits should be described qualitatively.

(c) Proposed legislation.

If achievement of a performance goal is contingent on enactment of legislation during the fiscal year covered by the annual plan, a brief description of this legislation, as proposed in the agency's legislative program, should be included. (Section 6 of OMB Circular No. A-19 provides additional information on an agency legislative program.)

(d) Capital assets/capital programming.

Part 3 of this Circular requires agencies to prepare a capital asset plan and justification for certain major acquisitions. These include acquisitions of importance to an agency's mission, or having a significant role in the administration of agency programs. The annual plan should reference the capital asset plan, and include a brief description of any major acquisition contained in the capital asset plan that will bear significantly on the achievement of a performance goal.

The capital asset plan should also satisfy requirements in the Information Technology Management Reform Act of 1996 (ITMRA) for performance and results-based management. This may include goals for improving agency operations through the use of information technology; benchmarking of agency processes; descriptions of how information technology will be used to help achieve program goals; and assessments of the staffing, skill, and training needs of agency employees in the information resources management area. ITMRA requirements can be met by including these goals in the annual plan.

The performance goal in the annual plan and the performance goal(s) for any major acquisition should be consistent. (See also explanatory table for Exhibit 300B in Part 3.) Further guidance on including and referencing capital asset information in the annual performance plan is provided in the Capital Programming Guide.

(e) Management problems.

Agencies may choose to describe actions being taken to address and resolve significant management problems. Including this description is particularly important for those problems of a mission-critical nature, or which prospectively and realistically threaten achievement of major program goals. Agencies may establish performance goals covering priority actions on key problems (see subsection 220.9(e)).

The annual plan is principally a plan covering programs and program accomplishment. Agencies should avoid distorting this focus and not clutter the annual plan with an extensive inventory of virtually every management or administrative problem facing the agency.

220.12 Verification and validation.

Summary of Requirement: The annual performance plan must include an identification of the means the agency will use to verify and validate the measured performance values.

(a) In general.

The annual plan should include a description of how an agency intends to verify and validate the measured values of actual performance. The means used should be sufficiently credible and specific to support the general accuracy and reliability of the performance information that is recorded, collected, and reported. Agencies have discretion in determining the method of verification and validation to be used. Although GPRA does not prescribe use of any particular method, technique, or organizational entity, agencies may continue to rely on established procedures, such as an audit, for certain goals or indicators.

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

Agencies are not required to develop an independent capacity for verifying or validating performance data received from, or based on, sources outside the agency. Data sources outside the agency should be identified in the plan. Available information from an outside source regarding the accuracy and reliability of its data should be collected, but need not be included in the plan.

(b) Information on data sources.

In the description, an agency should, as appropriate, indicate:

- The current existence of relevant baseline data, including the time-span covered by trend data;
- The expected use of existing agency systems in the collection and reporting of data;
- The source of the measured data;
- Any expected reliance on an external source(s) for data, and identification of the source(s); and
- Any changes or improvements being made to existing data collection and reporting systems or processes to modify, improve, or expand their capability.

In its annual performance report, an agency may address the quality of performance information collected and reported for the fiscal year covered by the report. This coverage may include issues or problems associated with the processes and systems used to obtain this information (see subsection 232.2(d)).

Agencies may also choose to identify, in advance, any performance goal for which actual performance data will likely be unavailable at the time the program performance report is prepared for the fiscal year covered by the plan. GPRA specifies that an agency program performance report note the incomplete status of the performance data, and requires agencies to include the actual performance information in a subsequent program performance report.

220.13 Availability of detailed performance information.

For many agencies, the annual plan will describe performance on a large or macro scale. The annual plan will synthesize and summarize from more detailed plans specific to a program or component, or from performance information prepared and used at different levels of the agency.

In these instances, agencies will have available, and be responsive to, any appropriate inquiries for the underlying detail that exists in their lower-level plans. To ensure this capability, the more detailed plans should use consistent and mutually supportive performance measures that provide the ability to access or "drill down" to more refined levels of performance information.

220.14 Classified or other appendices not available to the public.

An agency may attach a classified appendix to its annual plan. The appendix includes any material authorized under criteria established by Executive order to be kept secret in the interest of national defense or foreign policy. The material should be properly classified in accordance with the Executive order. Only the minimum amount of information necessary for the classified appendix should be included.

With OMB approval, agencies may prepare a non-public appendix covering certain law enforcement or revenue collection activities. Agencies should consult with, and receive the approval of, their OMB representative before preparing this type of appendix.

Performance goals or indicators included in a non-public appendix should be sufficiently specific in scope or focus that revealing the goal publicly would likely impede achievement of the goal. While certain performance goals and indicators for these activities may not be in a public portion of the plan, the program performance report will usually publicly record actual performance--in a post-facto manner--against such goals and indicators, and compare this to the target or performance levels in the non-public annex.

To avoid classifying the entire plan, a classified or non-public appendix to a plan should be detachable from the other parts of the plan.

220.15 Agency requests for use of alternative form(s) of measurement.

Summary of requirements: An agency's use of an alternative form of measurement in defining performance goals in the annual performance plan is subject to OMB approval. The performance goal must be defined in a manner that allows an accurate, independent determination to be made of how actual performance compares to the goal as stated.

Agencies not able to define performance goals for a particular program or activity in an objective, quantifiable form may propose an alternative form of measurement. The alternative form may be either:

- Separate, descriptive statements of a minimally effective program and a successful program, expressed with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the actual performance meets the criteria of the description; or,
- Some other alternative that allows an accurate, independent determination to be made of how actual performance compares to the goal as stated.

Agency requests for use of an alternative form should be submitted to the appropriate OMB representative when the initial annual plan is sent to OMB. The request should contain the exact proposed language of the goal(s) as these would be expressed in the alternative form, and a brief statement of why it is not feasible to

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

use an objective, quantifiable form of goal-setting and measurement for the particular program activity. The request may be for more than one fiscal year.

After reviewing the request, OMB will inform the agency whether the alternative form is approved, and if approved, may specify the fiscal year(s) that the alternative form can be used. The appearance of an alternative form in the final annual plan, shall be deemed to be authorized by OMB and the plan need not document the authorization process.

220.16 Agency requests to waive the requirement for performance goals.

Summary of requirements: An agency's omission of any performance goal for a program activity in its annual performance plan is subject to OMB approval. As a performance goal can cover, through consolidation and aggregation, more than one program activity, any approval will usually be for an entire Program and Financing Schedule. An agency receiving a waiver must reference the waiver in its annual plan, and include an explanation of why it is infeasible or impractical to establish any performance goal for the program activity.

An agency may propose that no performance goal(s) be established for a particular program activity. Requests should be for a program or activity that would otherwise be included in a performance plan (i.e., agencies need not request authorization to omit coverage of program activities stemming from a consolidation or aggregation). As with requests for an alternative form of measurement, requests to waive the requirement for performance goals must be approved by OMB.

Requests should be submitted to the appropriate OMB representative in advance of the submittal of its annual performance plan. The agency request must explain why it is infeasible or impractical to have any goal(s) for the program activity, and whether the infeasibility or impracticability is short-term or remediable with time. The request may be for more than one fiscal year.

After reviewing the request, OMB will inform the agency whether having no goals established for the program activity is authorized, and the fiscal year(s) covered by the authorization. Authorizations will usually be given for an entire program and financing schedule, rather than for a particular program activity in a schedule. The scope of an authorization stems from agencies being allowed to have a performance goal cover several or more program activities; a span that can obviate the need for an authorization covering only a single program activity among several in a program and financing schedule. (See also subsection 220.9(b) on aggregation and consolidation.)

The agency's annual performance plan shall include a reference to any authorization received for this purpose, and the explanation of why it is infeasible or impractical to establish a performance goal(s) for the particular program activity.

220.17 Clearance and public availability of the annual performance plan.

Summary of requirements: The initial annual plan may not be released outside the Executive branch. Final annual plans and revised final annual plans must be cleared through OMB prior to transmittal or release to the public.

(a) Privileged nature of the initial plan.

In an annual plan, specific target levels of performance and measures are proposed for the performance goals and indicators. In contrast to a description of what will be measured (for example, an error rate), the target levels define what the proposed performance level will be (for example, an error rate of 1.3 percent). As the proposed target levels for many performance goals in the initial plan reflect specific funding levels in an agency's budget request, the initial plan is considered to be pre-decisional. As privileged material, the initial plan may not be released outside the Executive branch. (See also section 36.1 in Part 1 of OMB Circular No. A-11 on the prohibition on releasing certain budget information prior to its official transmittal to Congress.)

For any new program or activity proposed to be initiated and funded as part of the President's budget, both the descriptions of the performance goals, as well as target levels for these goals are pre-decisional and privileged.

Descriptions of performance goals or indicators appearing in a transmitted strategic plan (see section 210.8) or in a previous year's annual plan, are already public and are not privileged. In addition, for programs involving a partnership or similar arrangement between an agency and States or local governments, the specific program target levels are not privileged if they have been negotiated and are public knowledge prior to transmittal of the initial plan to OMB.

(b) Clearance of the final plan and revised final plan.

The final plan as well as any revised final plan are considered budget-related materials. The provisions of section 36.3 of Part 1 regarding OMB clearance of such materials prior to their transmittal or release applies to these iterations of the annual plan.

(c) Public availability of the final plan.

As soon as practicable after it is sent to Congress, the revised annual plan should be made available to the public. Agencies should use electronic means, such as the WorldWideWeb, to make the plan available. The ease of retrieving and reading the plan from an electronic site should be factored in the design and format of the plan.

A final plan should be written in a concise informative manner. Readability should be paramount. As a public document, its content -- in style, length, and structure -- should be such that it promotes a reader's interest in and understanding of the agency and its programs.

When a revised final annual plan is provided to Congress, it also should be made publicly available.

(d) Receiving comments on the final plan.

Unlike for strategic plans, GPRA does not require that an agency consult with Congress on its annual plan prior to transmittal, or provide an opportunity for potentially interested or affected parties to give their views. (See sections 210.12 and 210.13 on strategic plan consultation and contrary views.) Congressional views on the final plan are obtained in the course of the legislative session, and Congressional action can be based on the performance information contained in the plans. Both a revised final plan and future fiscal year plans can reflect these Congressional views and actions. Agencies are encouraged to ask the public for their views on the final plan, particularly its readability and informativeness.

220.18 Revised final annual plan.

Summary of requirement: Changes made to a final plan through a revised final plan are limited to those resulting from Congressional action or the occurrence of unanticipated exigencies.

(a) In general.

GPRA allows, but does not require, an agency to prepare a revised final plan. If an agency chooses to prepare a revised final plan, this plan primarily reflects Congressional action on the agency's budget request. In a revised final plan, an agency may:

- Change target levels for performance goals or indicators, where the target levels are materially affected by Congressional action;
- Introduce new goals or indicators, or modify existing goal descriptions, in response to Congress; or
- Modify goals or indicators because unanticipated exigencies have occurred since submission of the final annual plan to Congress.
- Adjust goals based on actual performance data contained in the program performance report for the previous fiscal year (see section 232.8).

Only necessary changes should be made in a revised final plan. Performance goals and indicators unaffected by the above circumstances should not be altered. The President's budget and Congressional review of the agency budget requests are based on the projected levels of performance in the final annual plan. These levels reflect the agency's commitment to achieve these goals with the funds requested. A refinement of goals or indicators in the revised final plan resulting from additional data and analysis, further agency consideration or evolving judgments, could undercut the relevance of earlier iterations of the annual plan in supporting the agency's budget request.

As agencies collect and report program performance information for the prior fiscal year, this actual information may show a need to modify performance goals set out in the final annual performance plan. An agency may include such modified goals in its revised final plan for a fiscal year. The revised final plan must be completed in the Fall. Agencies should not modify performance goals based on actual performance data

that becomes newly available in the second quarter of fiscal year or later. (See section 232.8 requiring that the annual program performance report assess the effect of past year performance on current year performance.)

While performance goals and indicators are the annual plan element most likely to be altered, changes may be made to means and strategies or other elements of the annual plan.

(b) Displaying changes from the final plan.

A revised final plan should clearly indicate the changes in performance goals and indicators, means and strategies, or other elements being made to the final plan. The revised final plan should not simply substitute the modified values or descriptions. Showing only the changes would force readers to search separate documents before they could understand the extent of the changes.

(c) Reference copy of a revised final plan.

A revised final plan is a source document for the annual report. An agency not sending a revised final plan to Congress or OMB must prepare and have available for reference at the agency, a copy of the revised final plan.

As a document, a revised final plan may be limited in size and scope to cover only the changes to the final plan. However, many agencies may prefer to use a complete annual plan for management and operating purposes. This revised final plan would meld the modified performance goals and other elements with the content of the final plan.

(d) Updated general goals and objectives in a revised final plan.

Often, an agency's strategic plan will be updated and sent to Congress and OMB after the final annual plan for a fiscal year was submitted to Congress. For example, a strategic plan updated in September 2000 will be sent six or more months after transmittal of the final FY 2001 performance plan to Congress. A revised final FY 2001 plan is prepared near the time of strategic plan submittal. (See section 220.7(d) on including general goals and objectives in an annual plan.)

Agencies may modify the general goals and objectives in the revised final plan to reflect changes in phrasing or wording that were made to these goals and objectives in the updated strategic plan. These modifications should be limited to general goals and objectives similar to those included in the initial strategic plans submitted in 1997. A revised final plan should not include a general goal or objective either newly established in the updated strategic plan, or which does not incorporate the substance of a previous goal or objective.

Section 4(b) of the Government Performance and Results Act

(This excerpt from Section 4(b) covers 31 U.S.C. 1115(a)-(e) on annual performance plans.)

SEC. 4.(b) PERFORMANCE PLANS AND REPORTS.—Chapter 11 of title 31, United States Code, is amended by adding after section 114 the following new sections:

"§1115. Performance plans

"(a) In carrying out the provisions of section 1105(a) (29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall —

"(1) establish performance goals to define the level of performance to be achieved by a program activity;

"(2) express such goals in an objective, quantifiable, and measurable form, unless authorized to be in an alternative form under subsection (b);

"(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

"(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

"(5) provide a basis for comparing actual program results with the established performance goals; and

"(6) describe the means to be used to verify and validate measured values.

"(b) If an agency, in consultation with the Director of the Office of Management and Budget, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Director of the Office of Management and Budget may authorize an alternative form. Such alternative form shall —

"(1) include separate descriptive statements of---

"(A) (i) a minimally effective program, and

"(ii) a successful program, or

"(B) such alternative as authorized by the Director of the Office of Management and Budget, with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity's performance meets the criteria of the description; or

"(2) state why it is infeasible or impractical to express a performance goal in any form for the program activity.

"(c) For the purpose of complying with this section, an agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

"(d) An agency may submit with its annual performance plan an appendix covering any portion of the plan that--

"(1) is specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy; and

"(2) is properly classified pursuant to such Executive order.

"(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of performance plans under this section shall be performed only by Federal employees.